

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

Revised  
Attachments  
A, C, & D

**June 24, 2003**

*Continued from June 17, 2003 Agenda - Item Heard on June 23, 2003*

90

**FROM: WALLY HILL, County Administrative Officer**  
County Administrative Office

**SUBJECT: 2003-04 PROPOSED COUNTY BUDGET HEARING**

**RECOMMENDATION:**

- ~~1. Open public hearing and take testimony on the 2003-04 Proposed County budget.~~
2. ~~At the close of public hearing,~~ **Continue the 2003-04 Proposed County budget for approval and adoption as the 2003-04 Final Budget on Tuesday, June 24, 2003, at 10:00 am, including recommended appropriations, budgeted staffing, and authorization for adjustments for final fund balance listed in Attachment A; recommended changes in reserves and designations as listed in Attachment B; and any changes the Board may direct from the listing of policy items for further consideration (Attachment C), the proposed fees (Attachment D), and listing of unfunded issues (Attachment E).**
3. ~~Instruct the County Administrative Office to present the report of the Auditor/Controller on appropriation limits pursuant to Article XIII B of the Constitution,~~ **Continue to June 24, 2003 for approval and adoption by resolution of the 2003-04 appropriation limit for county funds, special funds, and Board Governed Special Districts (Attachment G).**

**BACKGROUND INFORMATION:** On March 19, 2003, the Board received the financing plan for the 2003-04 budget. That plan provided the basis for distributing the locally financed budget targets to the general fund departments to develop their 2003-04 proposed budgets. Departmental budgets were incorporated in a Budget Workbook that was discussed during Budget Workshops conducted June 4<sup>th</sup> through 6<sup>th</sup>, 2003. Department requests exceeding their targets were presented as Policy Items in the workshops. Additionally requests for restoration of vacant budgeted positions slated for deletion were also presented as policy items.

On April 8, 2003, the Board of Supervisors directed the County Administrative Office to adjust the 2003-04 Proposed Budget by deleting all vacant budgeted positions that are not in recruitment. During the Budget Workshops, the Board approved several requests for restoration of vacant budgeted positions slated for deletion and two additional policy items; one for the Sheriff to fund technical staff previously funded by the COPS MORE grant and one for the Clerk of the Board restoring the Chief Deputy Clerk position deleted in the 30% Cost Reduction Plan.

Page 1 of 4

Record of Action of the Board of Supervisors

Revised  
Attachments  
A, C, & D

90

Additionally the Board approved establishing a \$1.0 million reserve for the Museum's Hall Paleontology and increasing the existing Bark Beetle reserve by \$2.0 million. Also discussed during the workshops was the creation of a reserve for the Library to offset some of the funding losses it has received from the State which have directly impacted the Library's book budget. No specific funding allocation was made to this reserve; therefore, this issue remains on the unfunded issues listing provided in Attachment E.

The results of the actions taken at the Budget Workshops are detailed in the schedule below:

	(In Millions)		
	Ongoing	One-time	Total
<b>Financing Available at Budget Workshops</b>	<b>13.6</b>	<b>45.5</b>	<b>59.1</b>
Vacant Budgeted Positions Deleted per Board Direction	<u>4.3</u>	<u>          </u>	<u>4.3</u>
<b>Financing Available with Deletions of Vacant Budgeted</b>	<b>17.9</b>	<b>45.5</b>	<b>63.4</b>
Restoration of Vacant Positions Approved	(0.4)		(0.4)
Sheriff and Clerk of the Board Policy Items Approved	(0.9)		(0.9)
Additional Contributions to Reserves	<u>          </u>	<u>(3.0)</u>	<u>(3.0)</u>
<b>Financing Available</b>	<b>16.6</b>	<b>42.5</b>	<b>59.1</b>

The Budget Hearing is designed to discuss and implement any direction or changes the Board wishes to make to this Proposed Budget. Total financing still available is \$59.1 million, of which \$49.4 million represents general fund revenues and \$9.7 million from tobacco settlement revenues. Further direction is needed on the remaining policy items detailed on Attachment C, fee adjustments as detailed on Attachment D, and determination on what should be set aside in the 2003-04 budget for the County's unfunded issues as detailed on Attachment E. All items approved by the Board during the Budget Hearings will be incorporated in the 2003-04 Final Budget to be presented to the Board on June 24, 2003. The Fee Ordinance will be presented to the Board for first reading on Tuesday, June 24, 2003 and the second reading on Tuesday, July 1, 2003.

### STATE BUDGET IMPACT

Due to the potential State budget impact, departments must continue to closely monitor programs, curtail expenses where possible, and be prepared to reduce their respective budgets at the point at which the Governor's recommendations become the adopted budget. Should further reductions be required, the County Administrative Office will return to the Board with recommendations from the 30% Cost Reductions Plans submitted by departments earlier this year. Approximately \$42.0 million of the May Revise impacts will require general fund backfill. To the extent the final State budget reduces program funding, there will be an impact on the quality of services the County provides and, if necessary, layoffs may result.

The County Administrative Office is continuing its policy requiring departments to obtain County Administrative Office approval before filling any positions and purchasing fixed assets included in

**BOARD OF SUPERVISORS**  
**2003-04 COUNTY BUDGET HEARING**  
**JUNE 23, 2003**  
**Page 3**

the 2003-04 budget, as well as any mid-year budget adjustments. This control will be in effect until lifted by the County Administrative Office.

**ATTACHMENTS**

Enclosed are the following attachments that represent those items that are included in the Proposed Budget as well as areas that need to be addressed in order to build the 2003-04 Final Budget:

Attachment A lists the 2003-04 Proposed Budget appropriation and budgeted staffing totals. These totals incorporate amounts that were included in the Proposed Budget Workbook and policy items recommended by the Board from the June workshops.

Attachment B is a listing of the county's current reserves and designations and the recommended changes for the establishment, expansion, or use of such reserves and designations.

Attachment C represents policy items that were discussed during the Budget Workshops which the Board requested further discussion to be heard at the Budget Hearings. These items were not incorporated in the 2003-04 Proposed Budget. If any of these items are approved during Budget Hearings, they will be incorporated in the 2003-04 Final Budget.

Attachment D represents a summary of fee adjustments requested by the respective departments and recommended by the Board for either approval or further discussion during the Budget Hearings. These items were not incorporated in the 2003-04 Proposed Budget, and have a minor positive financial impact to the county budget. The majority of the fees changes, if approved, will be used to increase departmental appropriation unless directed otherwise by the Board. If any of these items are approved during budget hearings, they will be incorporated in the 2003-04 Final Budget.

Attachment E is the list of the County's major unfunded issues.

Attachment F lists changes to CAO Recommendations approved during the workshops and items approved during board meetings held after the compilation of the proposed workbooks. All of these have been incorporated in the 2003-04 Proposed Budget, shown in Attachment A.

Attachment G is the 2003-04 preliminary appropriation limit for county funds, special funds, and Board governed districts.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Ron Reitz, Assistant County Counsel) on June 13, 2003, and the Auditor/Controller (Pat Sharrit, Chief Deputy Controller) on June 13, 2003.

FINANCIAL IMPACT: Of the \$59.1 million (\$16.6 million in ongoing and \$42.5 million in one-time revenue), the County Administrative Office recommends this funding be set aside at this time to address potential unfunded issues such as the state budget impact.

The majority of the fees changes, if approved, will be used to increase departmental appropriation. Departments anticipate their fee recommendations will increase fee revenue for the general fund departments by \$478,522, for the special revenue funds by \$665,803, and for the enterprise funds

Revised  
Attachments  
A, C, & D

Revised  
Attachments  
A, C, & D

90

**BOARD OF SUPERVISORS**  
**2003-04 COUNTY BUDGET HEARING**  
**JUNE 23, 2003**  
**Page 4**

by \$471,776. Fees requiring further consideration, if approved, will have additional fee revenue to the general fund of \$426,043. For those services currently being financed by a combination of local cost and fees, the Board may direct as an alternative budget adjustment an increase in fee revenue and a decrease in local cost.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Wally Hill, County Administrative Officer (387-5418)